

**THE DIRECTOR OF CENTRAL INTELLIGENCE**

WASHINGTON, D.C. 20505

**National Intelligence Council**

DDI #5931-82

20 July 1982

OSD review completed

MEMORANDUM FOR: Director of Central Intelligence

FROM : [REDACTED]  
Acting National Intelligence Officer for USSR-EE

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SUBJECT : NSC Meeting, 21 July 1982  
US Policy Toward Eastern Europe

NSC review completed - unredacted segments may be declassified

1. The purpose of the meeting is to clear up remaining differences of emphasis and then reaffirm the long-standing US policy of differentiation toward Eastern Europe. The preparations for the meeting began in March 1982; they have proceeded through a series of IG and SIG meetings which have eliminated all differences except those expressed in footnotes. The three major issues addressed during the process and the answers expressed in the resulting NSDD (Att 1) are:

--Should the US differentiate in its policies between the countries of Eastern Europe and the Soviet Union on the one hand and among the diverse countries of Eastern Europe on the other. The NSDD favors differentiation.

--Should the long-term US objective in Eastern Europe be to maintain regional stability in order to prevent the area from turning into a potential fulcrum of East-West confrontation or to encourage processes which, in time may loose Moscow's hold on the region and lead to its reintegration into the European community. The NSDD opts for the latter.

--What instrumentalities are open to the US? The NSDD examines them in some detail and spells out the parameters under which each one can be used. I believe that the NSDD provides good policy guidance and recommend that you support it.

2. I believe that the case for a differentiated policy is self-evident:

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- It is in our interest to drive a wedge between the USSR and the other members of the Warsaw Pact. Although our leverage to do this is extremely limited, we would not have any leverage at all if we treated the Eastern European members of the Pact exactly like the Soviet Union. Our policy has had some success, particularly in Romania where we have been able to encourage a more nationalistic approach which has affected that country's military activities in the Pact.
- The countries of Eastern Europe are different from each other and we must recognize this factor in our approach toward them. Naturally where they follow identical policies, we will have no choice but to treat them alike. But we should not start out with that presumption. For instance, as we watched the Polish drama unfold last autumn, we observed the difference between East Germany's and Czechoslovakia's strident calls for a crackdown as opposed to Hungary's almost neutral stance. As it developed, it was the Soviet Union which decided what was to happen in Poland. Still the attitudes of other countries did matter and Hungary's restrained approach made it easier to support its entry into the IMF, whereas if either East Germany or Czechoslovakia were to make a similar approach (and in view of their deteriorating economic situations this is possible), we could not overlook their role in the Polish crisis and would have to require major changes in their politics before we could consider supporting their application. (See Att 2 for your introductory talking points which bring out these judgments.)

3. During the IG and SIG deliberations, there was never any disagreement with the general concept of differentiation. Different departments did have concerns about various aspects of the policy:

- OSD wanted to ensure that we would not relieve the USSR of its Eastern European burden but is now satisfied that this concern has been met.
- CIA and Commerce differed throughout about technology transfer. In essence, Commerce wanted a careful case-by-case approach on the transfer of both technology and end products. We made the argument that not only would it be impossible to prevent Poland, Hungary, Czechoslovakia, Bulgaria and East Germany from sharing militarily useful technology with the USSR but that the intelligence services of those countries had been

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acting as Soviet agents in the acquisition of such technology. We did support the case-by-case approach to the export of end products since reverse engineering of militarily useful products, while possible, would be difficult and time consuming. The IG and SIG accepted our arguments but Commerce did not-- thus the Commerce footnote which I believe will be opposed by State, Defense, and Treasury. (See Att 3 for Contingency Talking Points on Technology Transfer.)

--Treasury has been and remains concerned that a differentiated policy would mean a continuation of the rather carefree approach of the last decade on credits to Eastern Europe. Most of Treasury's concerns have been met but they are nevertheless expected to press for the incorporation of their footnotes into the text and these therefore require an elaboration of why State opposed their inclusion.

4. Treasury's footnotes (page 2) are intended to place greater controls on policy implementation than desired by State.

--State believes that the first Treasury footnote (supported by OSD and Commerce) is unnecessarily derogatory about past policy and reveals continued reservations about differentiation. I believe the essence of this dispute goes back to Treasury's unhappiness with State's public advocacy of private credits to Yugoslavia. I do not think that the footnote does much of anything and recommend that you stay neutral.

--State objects to the second Treasury footnote (supported by Commerce) because it restricts flexibility; State argues that there may be cases where we will want to be especially forthcoming toward an East European state. I think that the main points are that the term "friendly" is much too broad and that it would be self-defeating to rule that we will treat all East European states worse than we do just about all other states of the world, with whom we nominally have "friendly" relations. I recommend that, if need be, you oppose this footnote.

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5. In sum, I recommend that you support the NSDD as written, stay neutral on the first footnote on p. 2, oppose (if necessary) the second footnote on p. 2, and vigorously oppose the Commerce footnote on p. 4.

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Attachments:

- A. Proposed NSDD: US Policy  
Toward Eastern Europe
- B. DCI Talking Points
- C. Contingency DCI Talking  
Points on Technology Transfer

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